

STATE OF CALIFORNIA  
DEPARTMENT OF MANAGED HEALTH CARE  
HEALTH CARE SERVICE PLAN

1

## MONTHLY FINANCIAL REPORTING FORM

Submitted on 2/5/2004 11:05:38 AM

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1.	FOR THE MONTH ENDING:	December 31, 2003
2.	Name:	<b>WATTSHealth Foundation, Inc.</b>
3.	File Number:(Enter last three digits)      933-0	<b>008</b>
4.	Date Incorporated or Organized:	May 1, 1973
5.	Date Licensed as a HCSP:	October 30, 1978
6.	Date Federally Qualified as a HCSP:	November 8, 1982
7.	Date Commenced Operation:	February 16, 1967
8.	Mailing Address:	3405 West Imperial Hwy., Inglewood, CA 90303
9.	Address of Main Administrative Office:	3405 West Imperial Hwy., Inglewood, CA 90303
10.	Telephone Number:	(310) 671-3465
11.	HCSP's ID Number:	95-2623688
12.	Principal Location of Books and Records:	3405 West Imperial Hwy., Inglewood, CA 90303
13.	Plan Contact Person and Phone Number:	Alma Graham, Esq. (310) 671-3465 ext. 3569
14.	Financial Reporting Contact Person and Phone Number:	Greg Hamblin (310) 671-3465 ext. 3409
15.	President:*	Ron Bolding (Interim - Chief Operations Officer) #
16.	Secretary:*	
17.	Chief Financial Officer:*	Greg Hamblin
18.	Other Officers:*	
19.		
20.		
21.		
22.	Directors:*	Johnny B. Griggs, Board Chairperson
23.		Lawrence G. Becker
24.		Cynthia Denise McClain-Hill
25.		David I Samuels
26.		
27.		
28.		
29.		
30.		
31.		




The officers listed on lines 15 through 17 of the health care service plan noted on line 2, being duly sworn, each for himself or herself, deposes and says that they are the officers of the said health care service plan, and that, for the reporting period stated above, all of the herein assets were the absolute property of the said health care service plan, free and clear from any liens or claims thereon, except as herein stated, and that these financial statements, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said health care service plan as of the reporting period stated above, and of its income and deductions therefrom for the period reported, according to the best of their information, knowledge and belief, respectively.

32. President	Ron Bolding (Interim - Chief Operations Officer) #
33. Secretary	signature required (please type for valid signature)
34. Chief Financial Officer	Greg Hamblin
* Show full name (initials not accepted) and indicate by sign (#) those officers and directors who did not occupy the indicated position in the previous statement.	
35. If this is a revised filing, check here and complete question 4 on Page 2:	<input type="checkbox"/>
36. If all dollar amounts are reported in thousands (000), check here:	<input type="checkbox"/>

Check My Work.

STATE OF CALIFORNIA  
DEPARTMENT OF MANAGED HEALTH CARE  
HEALTH CARE SERVICE PLAN

MONTHLY FINANCIAL REPORTING FORM  
SUPPLEMENTAL INFORMATION

		1
1.	Are footnote disclosures attached with this filing?	No 
2.	Is the attached reporting form filed on a consolidated or combined basis? If "Yes", the plan is required to file consolidating or combining schedules.	No 
3.	Is the plan required to file additional information (i.e. parent/affiliate financial statements, claims reports, etc.) that is required by the Department?	Yes 
4.	If this is a revised reporting form, what is/are the reason(s) for the revision?	

## STATEMENT AS OF 12-31-2003 OF 933-0008 WATTHealth Foundation, Inc.

## REPORT #1 ---- PART A: ASSETS

1	2
<b>CURRENT ASSETS:</b>	Current Period
1. Cash and Cash Equivalents	8,198,000
2. Short-Term Investments	49,954,000
3. Premiums Receivable - Net	6,682,000
4. Interest Receivable	2,000
5. Shared Risk Receivables - Net	
6. Other Health Care Receivables - Net	903,000
7. Prepaid Expenses	1,513,000
8. Secured Affiliate Receivables - Current	
9. Unsecured Affiliate Receivables - Current	
10. Aggregate Write-Ins for Current Assets	5,162,000
11. TOTAL CURRENT ASSETS (Items 1 to 10)	72,414,000
<b>OTHER ASSETS:</b>	
12. Restricted Assets	300,000
13. Long-Term Investments	
14. Intangible Assets and Goodwill - Net	
15. Secured Affiliate Receivables - Long-Term	
16. Unsecured Affiliate Receivables - Past Due	
17. Aggregate Write-Ins for Other Assets	469,000
18. TOTAL OTHER ASSETS (Items 12 to 18)	769,000
<b>PROPERTY AND EQUIPMENT</b>	
19. Land, Building and Improvements	3,568,000
20. Furniture and Equipment - Net	1,075,000
21. Computer Equipment - Net	315,000
22. Leasehold Improvements - Net	
23. Construction in Progress	
24. Software Development Costs	1,043,000
25. Aggregate Write-Ins for Other Equipment	0
26. TOTAL PROPERTY AND EQUIPMENT (Items 19 to 25)	6,001,000
27. TOTAL ASSETS	79,184,000
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS</b>	
1001. Inventory	40,000
1002. Assets Held For Sale	
1003. Worker's Compensation Deposit	5,122,000
1004.	
1098. Summary of remaining write-ins for Item 10 from overflow page	
1099. TOTALS (Items 1001 thru 1004 plus 1098)	5,162,000
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS</b>	
1701. Non-operating Property	
1702. Miscellaneous Deposits and Other Assets	469,000
1703.	
1704.	
1798. Summary of remaining write-ins for Item 17 from overflow page	
1799. TOTALS (Items 1701 thru 1704 plus 1798)	469,000
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER EQUIPMENT</b>	
2501.	
2502.	
2503.	
2504.	
2598. Summary of remaining write-ins for Item 25 from overflow page	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	0

## STATEMENT AS OF 12-31-2003 OF 933-0008 WATTHealth Foundation, Inc.

## REPORT #1 ---- PART B: LIABILITIES AND NET WORTH

1	2	3	4
<b>CURRENT LIABILITIES:</b>	Current Period		
	Contracting	Non-Contracting	Total
1. Trade Accounts Payable	4,028,000	XXX	4,028,000
2. Capitation Payable	2,696,000	XXX	2,696,000
3. Claims Payable (Reported)	9,099,000		9,099,000
4. Incurred But Not Reported Claims	22,613,000		22,613,000
5. POS Claims Payable (Reported)			0
6. POS Incurred But Not Reported Claims			0
7. Other Medical Liability	10,685,000		10,685,000
8. Unearned Premiums	10,066,000	XXX	10,066,000
9. Loans and Notes Payable	1,000	XXX	1,000
10. Amounts Due To Affiliates - Current		XXX	0
11. Aggregate Write-Ins for Current Liabilities	6,504,000	0	6,504,000
12. TOTAL CURRENT LIABILITIES (Items 1 to 11)	65,692,000	0	65,692,000
<b>OTHER LIABILITIES:</b>			
13. Loans and Notes Payable (Not Subordinated)	2,164,000	XXX	2,164,000
14. Loans and Notes Payable (Subordinated)		XXX	0
15. Accrued Subordinated Interest Payable		XXX	0
16. Amounts Due To Affiliates - Long Term		XXX	0
17. Aggregate Write-Ins for Other Liabilities	0	XXX	0
18. TOTAL OTHER LIABILITIES (Items 13 to 18)	2,164,000	XXX	2,164,000
19. TOTAL LIABILITIES	67,856,000	0	67,856,000
<b>NET WORTH</b>			
20. Common Stock	XXX	XXX	
21. Preferred Stock	XXX	XXX	
22. Paid In Surplus	XXX	XXX	
23. Contributed Capital	XXX	XXX	
24. Retained Earnings (Deficit)/Fund Balance	XXX	XXX	11,328,000
25. Aggregate Write-Ins for Other Net Worth Items	XXX	XXX	0
26. TOTAL NET WORTH (Items 20 to 25)	XXX	XXX	11,328,000
27. TOTAL LIABILITIES AND NET WORTH	XXX	XXX	79,184,000
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT LIABILITIES</b>			
1101. Accrued Payroll and Fringe Benefits	5,911,000		5,911,000
1102. Accrued Sick and Vacation	586,000		586,000
1103. Accrued Interest and Other Payments	7,000		7,000
1104. Estimated 3rd Party Payer Settlements	0		0
1198. Summary of remaining write-ins for Item 11 from overflow page			0
1199. TOTALS (Items 1101 thru 1104 plus 1198)	6,504,000	0	6,504,000
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER LIABILITIES</b>			
1701.		XXX	0
1702.		XXX	0
1703.		XXX	0
1704.		XXX	0
1798. Summary of remaining write-ins for Item 17 from overflow page		XXX	0
1799. TOTALS (Items 1701 thru 1704 plus 1798)	0	XXX	0
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER NET WORTH ITEMS</b>			
2501. Unrealized Gain(Loss) in Investments	XXX	XXX	0
2502.	XXX	XXX	
2503.	XXX	XXX	
2504.	XXX	XXX	
2598. Summary of remaining write-ins for Item 25 from overflow page	XXX	XXX	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	XXX	XXX	0

## STATEMENT AS OF 12-31-2003 OF 933-0008 WATTHealth Foundation, Inc.

## REPORT #2: REVENUE, EXPENSES AND NET WORTH

	1	2
	Current Period	Year-To-Date
<b>REVENUES:</b>		
1. Premiums (Commercial)	1,079,000	11,366,000
2. Capitation	245,000	3,695,000
3. Co-payments, COB, Subrogation		
4. Title XVIII - Medicare	9,740,000	125,679,000
5. Title XIX - Medicaid	6,566,000	86,342,000
6. Fee-For-Service		
7. Point-Of-Service (POS)		
8. Interest	41,000	1,106,000
9. Risk Pool Revenue		
10. Aggregate Write-Ins for Other Revenues	1,000	242,000
11. TOTAL REVENUE (Items 1 to 10)	17,672,000	228,430,000
<b>EXPENSES:</b>		
<b>Medical and Hospital</b>		
12. Inpatient Services - Capitated	571,000	7,607,000
13. Inpatient Services - Per Diem	5,394,000	72,310,000
14. Inpatient Services - Fee-For-Service/Case Rate		
15. Primary Professional Services - Capitated	3,604,000	47,615,000
16. Primary Professional Services - Non-Capitated		
17. Other Medical Professional Services - Capitated	2,117,000	27,964,000
18. Other Medical Professional Services - Non-Capitated	1,369,000	16,527,000
19. Non-Contracted Emergency Room and Out-of-Area Expense, not including POS		
20. POS Out-Of-Network Expense		
21. Pharmacy Expense - Capitated		
22. Pharmacy Expense - Fee-for-Service	1,486,000	17,990,000
23. Aggregate Write-Ins for Other Medical and Hospital Expenses	538,000	3,129,000
24. TOTAL MEDICAL AND HOSPITAL (Items 12 to 23)	15,079,000	193,142,000
<b>Administration</b>		
25. Compensation	910,000	10,512,000
26. Interest Expense	8,000	128,000
27. Occupancy, Depreciation and Amortization	204,000	2,832,000
28. Management Fees		3,026,000
29. Marketing	246,000	3,169,000
30. Affiliate Administration Services		
31. Aggregate Write-Ins for Other Administration	1,090,000	10,941,000
32. TOTAL ADMINISTRATION (Items 25 to 31)	2,458,000	30,608,000
33. TOTAL EXPENSES	17,537,000	223,750,000
34. INCOME (LOSS)	135,000	4,680,000
35. Extraordinary Item	-855,000	-18,206,000
36. Provision for Taxes		
37. NET INCOME (LOSS)	990,000	22,886,000
<b>NET WORTH:</b>		
38. Net Worth Beginning of Period	10,338,000	-13,857,000
39. Audit Adjustments		3,402,000
40. Increase (Decrease) in Common Stock		
41. Increase (Decrease) in Preferred Stock		
42. Increase (Decrease) in Paid in Surplus		
43. Increase (Decrease) in Contributed Capital		
44. Increase (Decrease) in Retained Earnings:		
45. Net Income (Loss)	990,000	22,886,000
46. Dividends to Stockholders		
47. Aggregate Write-Ins for Changes in Retained Earnings	0	0
48. Aggregate Write-Ins for Changes in Other Net Worth Items	0	-1,103,000
49. NET WORTH END OF PERIOD (Items 38 to 48)	11,328,000	11,328,000

## STATEMENT AS OF 12-31-2003 OF 933-0008 WATTHealth Foundation, Inc.

**REPORT #2: REVENUE, EXPENSES AND NET WORTH**

1	2	3
	Current Period	Year-to-Date
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR OTHER REVENUES</b>		
1001. Grants and Contracts		
1002. Other Revenue	1,000	242,000
1003.		
1004.		
1005.		
1006.		
1098. Summary of remaining write-ins for Item 10 from overflow page		
1099. TOTALS (Items 1001 thru 1006 plus 1098)	1,000	242,000
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 23 FOR OTHER MEDICAL AND HOSPITAL EXPENSES</b>		
2301. Other Line of Business Medical Costs		
2302. Other Medical Costs of the Plan	518,000	1,440,000
2303. Community Health Programs Facility Costs (Occupancy, Depreciation and Amortization)		
2304. Incentive Pool	110,000	1,116,000
2305. Reinsurance Expenses	-90,000	573,000
2306.		
2398. Summary of remaining write-ins for Item 23 from overflow page		
2399. TOTALS (Items 2301 thru 2306 plus 2398)	538,000	3,129,000
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 31 FOR OTHER ADMINISTRATIVE EXPENSES</b>		
3101. Community Health Programs		
3102. Consulting & Contracting Services	568,000	6,709,000
3103. Postage, Fees, Travel, Telephone, Insurance and Other	522,000	4,232,000
3104. Loss on Impairment of Fixed Assets		
3105.		
3106.		
3198. Summary of remaining write-ins for Item 31 from overflow page		
3199. TOTALS (Items 3101 thru 3106 plus 3198)	1,090,000	10,941,000
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 47 FOR CHANGES IN RETAINED EARNINGS</b>		
4701.		
4702.		
4703.		
4704.		
4705.		
4706.		
4798. Summary of remaining write-ins for Item 47 from overflow page		
4799. TOTALS (Items 4701 thru 4706 plus 4798)	0	0
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 48 FOR CHANGES OF OTHER NET WORTH ITEMS</b>		
4801. Unrealized Gain(Loss) in Investments	0	-529,000
4802. Post-closing adjustment - Loss on Impairment of Fixed Assets	0	-1,874,000
4803. Post-closing adjustment - Contract Medical Group Capitation Accrual	0	1,044,000
4804. Post-closing adjustment - Various Others	0	256,000
4805.		
4806.		
4898. Summary of remaining write-ins for Item 48 from overflow page		
4899. TOTALS (Items 4801 thru 4806 plus 4898)	0	-1,103,000

**REPORT #3: STATEMENT OF CASH FLOWS**

1	2	3
	Current Period	Year-to-Date
<b>CASH FLOW PROVIDED BY OPERATING ACTIVITIES</b>		
1. Group/Individual Premiums/Capitation	1,252,000	14,919,000
2. Fee-For-Service		
3. Title XVIII - Medicare Premiums	19,191,000	125,136,000
4. Title XIX - Medicaid Premiums	6,796,000	88,521,000
5. Investment and Other Revenues	1,363,000	31,389,000
6. Co-Payments, COB and Subrogation		
7. Medical and Hospital Expenses	-16,920,000	-244,401,000
8. Administration Expenses	-3,105,000	-29,903,000
9. Federal Income Taxes Paid		
10. Interest Paid	-8,000	-134,000
11. NET CASH PROVIDED BY OPERATING ACTIVITIES	8,569,000	-14,473,000
<b>CASH FLOW PROVIDED BY INVESTING ACTIVITIES</b>		
12. Proceeds from Restricted Cash and Other Assets	300,000	300,000
13. Proceeds from Investments		
14. Proceeds for Sales of Property, Plant and Equipment	-608,000	4,116,000
15. Payments for Restricted Cash and Other Assets		
16. Payments for Investments	-6,659,000	-43,971,000
17. Payments for Property, Plant and Equipment	-24,000	-1,597,000
18. NET CASH PROVIDED BY INVESTING ACTIVITIES	-6,991,000	-41,152,000
<b>CASH FLOW PROVIDED BY FINANCING ACTIVITIES:</b>		
19. Proceeds from Paid in Capital or Issuance of Stock		
20. Loan Proceeds from Non-Affiliates		
21. Loan Proceeds from Affiliates		
22. Principal Payments on Loans from Non-Affiliates	-14,000	-154,000
23. Principal Payments on Loans from Affiliates		
24. Dividends Paid		
25. Aggregate Write-Ins for Cash Provided by Financing Activities	0	0
26. NET CASH PROVIDED BY FINANCING ACTIVITIES	-14,000	-154,000
27. NET INCREASE (DECREASE) IN CASH (Items 11, 18 & 26)	1,564,000	-55,779,000
28. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE MONTH	6,634,000	63,977,000
29. CASH AND CASH EQUIVALENTS AT THE END OF THE MONTH	8,198,000	8,198,000
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
30. Net Income	990,000	22,886,000
<b>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</b>		
31. Depreciation and Amortization	152,000	2,249,000
32. Decrease (Increase) in Receivables	-616,000	7,417,000
33. Decrease (Increase) in Prepaid Expenses	-24,000	446,000
34. Decrease (Increase) in Affiliate Receivables		
35. Increase (Decrease) in Accounts Payable	-767,000	-1,172,000
36. Increase (Decrease) in Claims Payable and Shared Risk Pool	-1,650,000	-44,116,000
37. Increase (Decrease) in Unearned Premium	9,500,000	-571,000
38. Aggregate Write-Ins for Adjustments to Net Income	984,000	-1,662,000
39. TOTAL ADJUSTMENTS (Items 31 through 38)	7,579,000	-37,409,000
40. NET CASH PROVIDED BY OPERATING ACTIVITIES (Item 30 adjusted by Item 39 must agree to Item 11)	8,569,000	-14,523,000
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES</b>		
2501.		
2502.		
2503.		
2598. Summary of remaining write-ins for Item 25 from overflow page		
TOTALS (Items 2501 thru 2503 plus 2598)	0	0
<b>DETAILS OF WRITE-INS AGGREGATED AT ITEM 38 FOR ADJUSTMENTS TO NET INCOME</b>		
3801. Inventories, Non-operating Propoerty, Deposits and Other Assets	9,000	-592,000
3802. Accrued Payroll and Benefits, Sick and Vacation, 3rd Party Payer and Interest Payable	975,000	-1,070,000
3803. Gain/Loss on Sale of Assets		
3898. Summary of remaining write-ins for Item 38 from overflow page		
3899. TOTALS (Items 3801 thru 3803 plus 3898)	984,000	-1,662,000

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## REPORT #4: ENROLLMENT AND UTILIZATION TABLE

## TOTAL ENROLLMENT

1 Source of Enrollment	2 Total Enrollees At End of Previous Period	3 Additions During Period	4 Terminations During Period	5 Total Enrollees at End of Period	6 Cumulative Enrollee Months for Period	Total Member Ambulatory Encounters for Period			10 Total Patient Days Incurred	11 Annualized Hospital Days/1000	12 Average Length of Stay
						7 Physicians	8 Non-Physicians	9 Total			
1. Group (Commercial)	7,505	186	97	7,594	7,594	0	0	0	0	0	0.00
2. Medicare Risk	15,219	130	388	14,961	14,961	0	0	0	0	0	0.00
3. Medi-Cal Risk	68,267	2,334	3,409	67,192	67,192	0	0	0	0	0	0.00
4. Individual	713	0	25	688	688	0	0	0	0	0	0.00
5. Point of Service				0	0			0			
6. Aggregate write-ins for Other	2,928	119	107	2,940	2,940	0	0	0	0	0	
7. Total Membership	94,632	2,769	4,026	93,375	93,375	0	0	0	0	0	
DETAILS OF WRITE-INS AGGREGATED AT ITEM 6 FOR OTHER SOURCES OF ENROLLMENT											
601. Small Group				0				0			
602. Healthy Families	2,432	107	66	2,473	2,473	0	0	0	0	0	0.00
603. AIM	496	12	41	467	467	0	0	0	0	0	0.00
604. Medicare Cost				0				0			
605. ASO				0		N/A	N/A	N/A	N/A	N/A	N/A
606. PPO				0				0			
607.				0				0			
608.				0				0			
609.				0				0			
610.				0				0			
611.				0				0			
612.				0				0			
Summary of remaining write-ins for 698. Item 6 from overflow page				0				0			
Totals (lines 601 through 612 plus 699, 698) (Line 6 above)	2,928	119	107	2,940	2,940	0	0	0	0	0	

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NOTES TO FINANCIAL STATEMENTS	
1.	<b>WATTSHHealth Foundation, Inc. (WHF) is a wholly owned subsidiary of WATTSHHealth Systems, Inc.</b>
2.	<b>The financial statements are prepared in conformity with generally accepted accounting principles.</b>
3.	<b>WHF is self-insured for workers' compensation and as such was required to maintain a deposit</b>
4.	<b>by the State of California, Departmen of Industrial Relations, Self-Insurance Plans. The deposit</b>
5.	<b>amounted to \$5,122,000 as of 12/31/03.</b>
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OVERFLOW PAGE FOR WRITE-INS	
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4.	<b>TNE Calculation Line 3</b>
5.	<b>Affiliate Account Balances are fully reserved at 12/31/03.</b>
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## STATEMENT AS OF 12-31-2003 OF 933-0008 WATTSHHealth Foundation, Inc.

**KNOX-KEENE**  
**SUPPLEMENTAL INFORMATION**  
**PURSUANT TO SECTIONS 1300.84.06 AND 1300.84.2**

		1	2
1.	Net Equity	\$	11,328,000
2.	Add: Subordinated Debt	\$	
3.	Less: Receivables from officers, directors, and affiliates	\$	
4.	Intangibles	\$	
5.	Tangible Net Equity (TNE)	\$	11,328,000
6.	Required Tangible Net Equity (See Below)	\$	8,592,000
7.	TNE Excess (Deficiency)	\$	2,736,000
		Full Service Plans	Specialized Plan
A.	Minimum TNE Requirement	\$ 1,000,000	Minimum TNE Requirement \$ 50,000
B. REVENUES:			
8.	2% of the first \$150 million of annualized premium revenues	\$ 3,000,000	2% of the first \$7.5 million of annualized premium revenue \$
	Plus		Plus
9.	1% of annualized premium revenues in excess of \$150 million	\$ 771,000	1% of annualized premium revenue in excess of \$7.5 million \$
10.	Total	\$ 3,771,000	Total \$ 0
C. HEALTHCARE EXPENDITURES:			
11.	8% of the first \$150 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$ 8,592,000	8% of the first \$7.5 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis. \$
	Plus		Plus
12.	4% of annualized health care expenditures in excess of \$150 million except those paid on a capitated or managed hospital payment basis.	\$ 0	4% of annualized health care expenditures in excess of \$7.5 million except those paid on a capitated or managed hospital payment basis. \$
	Plus		Plus
13.	4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$ 0	4% of the annualized hospital expenditures paid on a managed hospital payment basis. \$
14.	Total	\$ 8,592,000	Total \$ 0
15.	Required "TNE" - Greater of "A" "B" or "C" \$	8,592,000	Required "TNE" - Greater of "A" "B" or "C" \$

**KNOX -KEENE  
SUPPLEMENTAL INFORMATION  
PURSUANT TO SECTIONS 1374.64**

**POINT OF SERVICE (POS) "ADJUSTED" TANGIBLE NET EQUITY CALCULATION**

Calculation of Tangible Net Equity and required Tangible Net Equity in accordance with Section 1374.64:

	1
1. Net Equity	\$ 11,328,000
2. Add: Subordinated Debt	\$
3. Less: Receivables from officers, directors, and affiliates	\$
4. Intangibles	\$
5. Tangible Net Equity (TNE)	\$ 11,328,000
6. Required Tangible Net Equity (From Line 18 below)	\$ 8,592,000
7. TNE Excess (Deficiency)	\$ 2,736,000
ADJUSTED REQUIRED MINIMUM TANGIBLE NET EQUITY CALCULATION:	
<b>I. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(1) or (2):</b>	
8. Minimum TNE as calculated under Rule 1300.76 (a)(1) or (2)	\$ 8,592,000
9. 10% of annualized health care expenditures for out-of-network service for point-of-service enrollees	\$
10. Add lines 8 and 9	\$ 8,592,000
<b>II. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(3):</b>	
<b><u>PART A</u></b>	
11. Minimum TNE as recalculated to exclude annualized healthcare expenditures for out-of-network services for point-of-service enrollees (attach worksheet Page 15)	\$ 8,592,000
12. 10% of annualized health care expenditures for out-of-network services for point-of-service enrollees	\$
13. Add lines 11 and 12	\$ 8,592,000

## STATEMENT AS OF 12-31-2003 OF 933-0008 WATTHealth Foundation, Inc.

## POS WORKSHEET FOR ADJUSTED TANGIBLE NET EQUITY CALCULATION

	1 Full Service Plans	2 Specialized Plans
1. Health care expenditures for period	\$ 107,398,000	\$
Less:		
2. Capitated or managed hospital payment basis expenditures	0	
3. Health care expenditures for out-of-network services for point-of-service enrollees		
4. Result	107,398,000	0
5. Annualized	107,398,000	
6. Reduce to maximum of \$150 million	107,398,000	
7. Multiply by 8%	\$ 8,591,840	\$ 0
Plus		
8. Annualized health care expenditures except those paid on a capitated or managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ 107,398,000	\$
9. Line 8 less \$150 million		
10. Multiply by 4%	\$ 0	\$ 0
Plus		
11. Annualized hospital expenditures paid on a managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ 0	\$
12. Multiply by 4%	\$ 0	\$ 0
13. Total	\$ 8,591,840	\$ 0

**STATEMENT AS OF 12-31-2003 OF 933-0008 WATTSHHealth Foundation, Inc.**



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